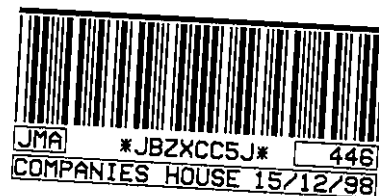


THE LOWRY CENTRE LIMITED

Report and Financial Statements

31 March 1998

Deloitte & Touche
PO Box 500
201 Deansgate
Manchester
M60 2AT



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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

F M S Goodey
C W V Hinds
R E Hough
J Hytner
D A Lancaster
J E Lawrence (appointed 28 April 1998)
J Willis

CHIEF EXECUTIVE

S Hetherington

SECRETARY

C G Hulme

REGISTERED OFFICE

West Pavilion
Harbour City
Salford Quays
Greater Manchester
M5 2BH

BANKERS

Barclays Bank Plc
Manchester Corporate Banking Centre
PO Box 543
51 Mosley Street
Manchester
M60 2BU

SOLICITORS

Masons
30 Aylesbury Street
London
EC1R 0ER

AUDITORS

Deloitte & Touche
Chartered Accountants
201 Deansgate
Manchester
M60 2AT

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 1998.

ACTIVITIES

The object of the company is to carry on business as a general commercial company and to promote the advancement of education for the public benefit.

The principal activity of the company will be the operation of The Lowry Centre.

REVIEW OF DEVELOPMENTS

The Lowry Centre is still under the course of construction. During the year the company incurred initial publication costs in respect of three books concerning L S Lowry, there were no other trading activities in the year.

YEAR 2000 COMPLIANCE

An initial review has been undertaken by the Directors of the potential risks and uncertainties surrounding the Year 2000 issue. At this stage, it is believed there are no significant factors which will affect the activities of the business, however monitoring of the situation continues to be undertaken. Any costs arising from the need to ensure compliance cannot be accurately quantified at this stage but are not expected to be significant.

DIRECTORS

The following directors, who served during the year were:

C A Danes (resigned 21 August 1997)
F M S Goodey
C W V Hinds
R E Hough
J Hytner
D A Lancaster
J Willis

None of the directors had any interest in the shares of the company during the year.

None of the directors held any beneficial interest in the parent company, which is a company limited by guarantee.

PARENT COMPANY

The Lowry Centre Trust (a company limited by guarantee) is the ultimate parent company.

AUDITORS

In the previous year an elective resolution was passed by the company to dispense with the obligation to appoint auditors annually and accordingly, the company's auditors, Deloitte & Touche, shall remain in office until the company or auditors determine otherwise.

Approved by the Board of Directors
and signed on behalf of the Board



C G HULME

Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



THE LOWRY CENTRE LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 8 which have been prepared under the accounting policy set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and Registered Auditors

7 December 1998

THE LOWRY CENTRE LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 March 1998

| | Note | Year ended 31 March 1998 £ | Period from 27 September 1996 to 31 March 1997 £ |
|---|------|--|--|
| Administrative expenses | | (15,517) | - |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (15,517) | - |
| Tax on loss on ordinary activities | 2 | - | - |
| LOSS ON ORDINARY ACTIVITIES AFTER TAXATION RETAINED FOR THE FINANCIAL YEAR | | (15,517) | - |

The results relate wholly to continuing activities.

There were no recognised gains and losses other than the loss for the financial year. Accordingly a Statement of Total recognised Gains and Losses has not been prepared.

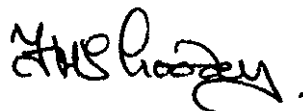
THE LOWRY CENTRE LIMITED

BALANCE SHEET 31 March 1998

| | Note | 1998 £ | 1997 £ |
|---|------|-----------------|-----------|
| CURRENT ASSETS | | | |
| Debtors | 4 | 1 | 1 |
| CREDITORS: Amounts falling due within one year | 5 | (15,517) | - |
| | | <u>(15,516)</u> | <u>1</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 6 | 1 | 1 |
| Profit and loss account | | (15,517) | - |
| Equity shareholder's funds | | <u>(15,516)</u> | <u>1</u> |

These financial statements were approved by the Board of Directors on 30th November, 1998

Signed on behalf of the Board of Directors



F M S GOODEY

- Director

NOTES TO THE ACCOUNTS
Year ended 31 March 1998

1. ACCOUNTING POLICY

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policy adopted is described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

2. TAX ON LOSS ON ORDINARY ACTIVITIES

No tax charge arises due to the loss incurred in the year.

3. INFORMATION REGARDING EMPLOYEES AND DIRECTORS

| | Year ended 31 March 1998 No. | Period from 27 September 1996 to 31 March 1997 No. |
|---|--|--|
| Average number of employees (including directors) during the year | 7 | 7 |

There were no employees other than the directors and no director received any remuneration during the year.

4. DEBTORS

| | 1998 £ | 1997 £ |
|--------------------------------|-----------|-----------|
| Amount due from parent company | 1 | 1 |

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 1998 £ | 1997 £ |
|------------------------------|-----------|-----------|
| Amounts due to group company | 15,517 | - |

6. CALLED UP SHARE CAPITAL

| | 1998 £ | 1997 £ |
|--|-----------|-----------|
| Authorised 100 ordinary shares of £1 each | 100 | 100 |
| Called up, allotted and fully paid 1 ordinary shares of £1 each | 1 | 1 |

NOTES TO THE ACCOUNTS
Year ended 31 March 1998

7. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

| | 1998 £ | 1997 £ |
|--------------------------------------|-----------|-----------|
| Capital subscribed | - | 1 |
| Loss for the year | (15,517) | - |
| Net reduction to shareholder's funds | (15,517) | 1 |
| Opening shareholder's funds | 1 | - |
| Closing shareholder's funds | (15,516) | 1 |

8. ULTIMATE PARENT COMPANY

The company's ultimate parent company is The Lowry Centre Trust (a company limited by guarantee), a company incorporated in England. Copies of the group financial statements are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.

9. TRANSACTIONS WITH GROUP COMPANIES

In accordance with FRS8 disclosure is not required of transactions with entities that are part of the group.